



Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Martin Marietta Corporation

File: B-233742.4

Date: January 31, 1990

DIGEST

Award to offeror whose proposal in negotiated procurement failed to conform to material specification requirement concerning computer workstation was improper where waiver of requirement resulted in competitive prejudice.

DECISION

Martin Marietta Corporation protests the Department of the Air Force's award of a contract to Honeywell Federal Systems, under request for proposals (RFP) No. F19628-88-R-0038, for microcomputer workstations for the World-Wide Military Command and Control System's Information System (WIS). Martin Marietta challenges the agency's evaluation of its proposal and contends that Honeywell failed to comply with certain mandatory solicitation requirements.

We sustain the protest on the ground that Honeywell failed to satisfy the RFP requirement for multi-tasking.

WIS is a worldwide communications network for use by the Department of Defense and other government agencies. The solicitation requested proposals for a 5-year, indefinite quantity contract to deliver, install and maintain advanced, reliable computer workstations, and associated software, intended to provide both computer resources for local users and access to WIS. Specifically, the solicitation defined four broad classes of required application software providing: (1) host access support services, to permit the workstations to communicate with existing Honeywell mainframe computers in the WIS system; (2) system and applications development support services, to be used to support the development and execution of software; (3) user support services, including wordprocessing, spreadsheet, database management and graphics applications; and (4) advanced computational support services, to provide simulation, modelling and artificial intelligence capabilities.

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A separate, general section of the specification, "Target [Required] Workstation Operating System Software," required that the workstations "be capable of executing correctly a multi-tasking operating system that meets the requirements of 3.1.4.2.1" of the specification. However, the definition of the required multi-tasking capability was not set forth in this general section of the specification. Rather, the definition, in paragraph 3.1.4.2.1, "Multi-Tasking Operating System Services," was a subsection of the software section describing the required system and applications development support services, one of the four broad classes of application software. This paragraph defined the required multi-tasking capability as the ability to support the concurrent execution of a minimum of 10 "tasks," and specifically stated that the system must be capable of providing at least 10 windows on the computer screen.

The solicitation provided for award to be made to the offeror whose proposal was "most advantageous" to the government, technical and price factors considered. It required offerors to furnish for a live test demonstration (LTD) the system described in their technical proposals, and provided for the technical proposals to be evaluated on the basis of four technical criteria of equal weight--reliability and maintainability, workstation architecture (including compliance with the multi-tasking operating system requirements), capabilities demonstrated at the LTD, and logistics --and one criterion of lesser weight, management. The solicitation described price as less important than the technical factors, but nevertheless as a "significant" factor; it provided for price to be evaluated on the basis of offerors' fixed prices for the Air Force's projected quarterly workstation ordering--a total of 500 workstations, including 400 of the required, more powerful "target" workstations and 100 optional, less powerful "basic" workstations--as well as software, delivery, installation and maintenance.

Four offerors, including Martin Marietta, Honeywell, C3 Corporation and International Technology Corporation (ITC), submitted proposals by the December 1, 1988 closing date for receipt of initial proposals. Prior to the closing date, ITC filed a protest with our Office challenging portions of the specification as either inadequate, impossible to meet, or unduly restrictive of competition. When we subsequently denied its protest, see International Technology Corp., B-233742.2, May 24, 1989, 89-1 CPD ¶ 497, ITC withdrew its proposal. Meanwhile, the remaining three offerors underwent the required LTD demonstration in January 1989. Only Honeywell was found to have successfully demonstrated a workstation meeting all specification requirements tested at

the LTD; several of the software applications tested by C3 and Martin Marietta exhibited deficiencies and Martin Marietta failed to demonstrate any security labelling capability. However, both offerors proposed to remedy these deficiencies, the agency's Source Selection Evaluation Board (SSEB) concluded that the offerors had "shown real solutions that could be produced to meet Government delivery requirements," and the Source Selection Advisory Council determined that the results of the LTD "were not in and of themselves considered reason to eliminate offerors from consideration for award." Accordingly, discussions were opened with all offerors and all were subsequently requested to submit best and final offers (BAFOs).

Based on the results of the LTD and the evaluation of BAFOs, the Air Force determined Honeywell's proposal to be technically superior to the others. The agency found that the proposal offered significant technical strengths and, under the agency's color-coded evaluation scheme, evaluated the proposal as "blue," or exceptional, under the criteria for reliability/maintainability and workstation architecture; in particular, the agency viewed it as a strength that the proposal offered a substantially higher mean-time-between-failure/corrective maintenance action and a longer warranty than was required by the solicitation, as well as applications software with additional capabilities beyond those required. Furthermore, the agency considered Honeywell's proposal to offer the lowest risk to the government, since Honeywell had successfully demonstrated a compliant workstation at the LTD. In contrast, although the Air Force considered both Martin Marietta's and C3's proposals to be "basically compliant with the requirements of the solicitation," and evaluated both as "green," or acceptable, under all criteria, it viewed the proposals as representing a "high risk," since the firms had failed to demonstrate all of the required software capabilities at the LTD, and the agency questioned whether their proposed considerable development efforts would enable them to correct the deficiencies in time for the first deliveries (as early as 30 days after award). With respect to Martin Marietta's proposal, the agency considered the greatest risk to result from the firm's schedule for the development and integration of the required security labelling capabilities.

As for the cost evaluation, although Martin Marietta offered the lowest fixed price for the evaluated BAFO quantity (approximately \$143.2 million), the agency concluded that an item of hardware listed as an option in Martin Marietta's BAFO price proposal was in fact needed to meet a solicitation requirement (i.e., low resolution video processing

capabilities) and, accordingly, increased the firm's price by more than \$120 million, giving it the highest evaluated price (\$266.3 million) of any offeror. Since the evaluated price of Honeywell's proposal (\$164.4 million) was significantly less than the evaluated price of C3's proposal (\$232.1 million) and, more importantly, was viewed as technically superior, the Air Force determined that award to Honeywell would be most advantageous. Upon learning of the resulting award, made on August 14, 1989, Martin Marietta filed this protest with our Office.

Martin Marietta contends that Honeywell's proposed workstation failed to comply with the solicitation requirement for a multi-tasking operating system and with certain of the specification requirements for a database management system and access to the WIS Honeywell mainframe computers. In addition, Martin Marietta challenges the addition without adequate discussions of over \$120 million to its fixed price BAFO; it argues that during discussions the Air Force mistakenly overlooked its proposal of a new item of hardware, to be included in its base proposal, which it advised the agency in writing would satisfy the specification requirement for low resolution video processing capabilities (thereby avoiding the need to increase the firm's price by \$120 million).

With respect to the requirement for multi-tasking, Martin Marietta contends that Honeywell's proposed workstation is noncompliant because it lacks the current capability to initiate and simultaneously execute multiple user support services applications.

Honeywell, which offered an Apple Corporation Macintosh IIX computer, proposed to meet the specification requirements in the user support services area for wordprocessing, spreadsheet and graphics capabilities with Macintosh Operating System (MAC/OS) applications. Honeywell proposed to supply, at time of award, an "interim," "transitional" solution which did not offer a multi-tasking capability with respect to multiple user support services applications. Specifically, only one MAC/OS software application could be run at a time in the required secure operating mode, but multiple system and applications development support services, which are not MAC/OS applications, could be executed simultaneously. Honeywell proposed to subsequently supply an upgrade of its operating system which would enable the operating system to launch multiple MAC/OS applications. The Air Force found the proposed upgrade to be "a superior offering which would be of great benefit to the government" and for this reason gave Honeywell's proposal a "plus" under the evaluation factor for operating system, a subcriterion

under system architecture; the agency subsequently explained, at the conference conducted on this protest at our Office, that the value offered to the government by the upgrade was the capability to run multiple user support services applications simultaneously on windows on the computer screen. Conference Transcript (CT) 386.

The Air Force and Honeywell agree that the workstation which Honeywell was proposing to supply at the time of award did not offer a multi-tasking capability with respect to multiple MAC/OS user support services applications. They argue, however, that Martin Marietta has misinterpreted the specification concerning multi-tasking. Since the detailed definition of the required multi-tasking capability is found only in a subsection of the section describing the required system and applications development support services, they argue, the multi-tasking requirement only applies to system and applications development support services applications.

We agree with Martin Marietta. In our view, the Air Force's interpretation of the RFP ignores the fact that the general provisions of the specification described the required operating system for the workstation as one "capable of executing correctly a multi-tasking operating system that meets the requirements of 3.1.4.2.1;" likewise, it ignores the fact that a general section of the specification further provides that the required user support services software shall execute "within, and under the control of the native environment supplied by the Target Workstation multi-tasking operating system." In this regard, we note that the specification's detailed definition of the required multi-tasking found in paragraph 3.1.4.2.1 defined the required multi-tasking in broad terms, referring only to the requirement to support the simultaneous execution of a minimum of 10 "tasks;" neither that paragraph nor any other provision of the solicitation excluded user support services applications from the broad sweep of the language of the general and specific provisions regarding multi-tasking. In our view, the specification when read as a whole described a single operating system, not a separate operating system for each class of applications software, and generally required the operating system offered for the initial deliveries to be capable of initiating and simultaneously executing up to 10 of the proposed software applications; as read by us, the specification did not envision that the overall requirement for multi-tasking could be frustrated by allowing an offeror to propose a class of software that does not permit multi-tasking.

The Air Force's interpretation based on the organization of the specification also ignores the fact that the same

paragraph setting forth the specific multi-tasking definition also establishes security requirements which clearly govern the operating system as a whole, and not merely the system and applications development support services software. This is confirmed by the agency's own actions during the evaluation; when Honeywell proposed that user support services applications could be run in an unsecured mode, the Air Force categorically rejected the possibility that the security requirements would not apply at all times for all software.

We note that our broad interpretation of the multi-tasking requirement is consistent with the initial interpretation of the Air Force's own technical consultant, Mitre Corporation. The Mitre consultant to the SSEB for system architecture stated at the protest conference, and the agency then confirmed, that he unsuccessfully attempted to convince the agency that Honeywell's approach to multi-tasking was deficient. CT 342-343, 347.

Martin Marietta states that had it known of the agency's interpretation of the multi-tasking requirement--i.e., as only requiring multi-tasking with respect to system and applications support services applications--it could have offered different software packages, hardware or a workstation which would have avoided some of the perceived deficiencies or weaknesses in its proposed approach to workstation architecture (where Honeywell was rated exceptional and Martin Marietta only acceptable) and in its performance at the LTD, while also enabling it to reduce its price. We note that the requirement in question concerns a critical, central characteristic--the capability for multi-tasking--of the operating system, itself a fundamental element of the workstation; we find it reasonable that the multi-tasking requirement could influence the choice of operating system, and thereby also influence the overall choice of hardware and software.

Furthermore, Martin Marietta's assertion that the agency's interpretation of the specification would have permitted it to offer more fully developed, though perhaps less advanced, equipment is especially significant here where: (1) the Air Force repeatedly expressed its preference for offerors to propose items requiring the least development so as to assure their ability to meet the requirement for initial deliveries commencing as early as 30 days after award; (2) the agency reaffirmed this position in responding to ITC's protest against the specifications; (3) the agency downgraded Martin Marietta's proposal under both the criteria for workstation architecture and the LTD because of its concern with the extent of development which remained to

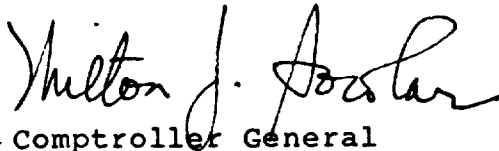
be completed and the consequent risk that Martin Marietta would be unable to meet the 30-day delivery requirement; and (4) the agency viewed as a significant strength of Honeywell's proposal that it offered a workstation which required only limited additional development in order to meet the specification. In these circumstances, we find that the record suffices to establish prejudice to Martin Marietta from the agency's waiver of the multi-tasking specification.^{1/}

In negotiated procurements, any proposal that fails to conform to material terms and conditions of the solicitation should be considered unacceptable and may not form the basis for an award. See Consulting and Program Management, 66 Comp. Gen. 289 (1987), 87-1 CPD ¶ 229. The fact that Honeywell proposed to supply the full extent of the required multi-tasking capability for the workstation (including software) months after award did not render its proposal acceptable. The specification required offerors to select hardware and software on the basis that requirements had to be met at the time of award. The agency's waiver of this requirement in favor of Honeywell placed its competitors at a competitive disadvantage. Accordingly, we find the award to Honeywell to have been improper. In view of this conclusion, we need not address Martin Marietta's remaining grounds for questioning the award.

The protest is sustained on the ground that Honeywell failed to satisfy the RFP requirement for multi-tasking. Martin Marietta requests that we recommend that the Air Force immediately terminate Honeywell's contract and make award to Martin Marietta. We decline to do so since, in light of our finding that Honeywell's offered system did not meet the multi-tasking requirement and the Air Force's acceptance of the system, we cannot find that award to Martin Marietta at this juncture would best serve the government's needs.

^{1/} We note that even under the interpretation of the specification finally adopted by the agency, proposals were misevaluated. Honeywell's proposal to supply, months after award, a modification still under development that would permit the launching of multiple MAC/OS user support services applications, resulted in the proposal receiving a "plus" under the evaluation criterion for system architecture, and thereby contributed to its exceptional rating under that criterion. By contrast, Martin Marietta, which was evaluated as only acceptable under workstation architecture, apparently received no additional credit for offering an existing system with this capability.

We recommend that the Air Force reopen negotiations with the offerors in the competitive range, clearly state what capabilities are necessary to satisfy its actual minimum needs with respect to multi-tasking (and to any other provisions that should be clarified to assure that offerors are provided with an opportunity to compete on a common basis), and then request a new round of BAFOs. Following evaluation, the Air Force should terminate its contract with Honeywell if appropriate. Further, we find Martin Marietta to be entitled to the cost of pursuing the protest, including attorneys' fees. 4 C.F.R. § 21.6(d)(1) (1989); see Falcon Carriers, Inc., 68 Comp. Gen. 206 (1989), 89-1 CPD ¶ 96.

for 
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